

Payments in Lieu of Taxes (PILT)

Q & A

Note: This document is applicable to PILT under the “purchased lands” provisions. The “swampland” payments, which are based on a straight \$2 per acre and paid in December of each year, were not changed by P.A. 513.

1. Question: Can PILT bills be submitted in the summer?

Answer: No. Public Act 513 provides for a single billing per year for all Department of Natural Resources (DNR) property.

2. Question: When do PILT bills need to be submitted?

Answer: At the same time as the winter taxes are levied. Taxing authorities are to submit one statement to the Department of Treasury which includes all DNR purchased land PILT parcels in their jurisdiction. All PILT bills must be received by the Department of Treasury by the 15th of January.

3. Question: When will the Department of Treasury make PILT payments on DNR purchased lands for a tax year?

Answer: Assuming adequate appropriations and accurate billings from local units, the Department of Treasury will make PILT payments by February 14th on all PILT bills that are received by January 15th of that year.

If appropriations are not sufficient to make full payments, Public Act 513 of 2004 requires that prorated payments be made. To that extent, payment will somewhat depend upon the accuracy and timeliness of billing statements provided by the local units.

4. Question: Do school millages need to be broken out?

Answer: Yes. Public Act 513 of 2004 stipulates that school taxes are to be paid from the School Aid Fund (SAF). Therefore, each school millage rate must be specified as school millage rates so funds can be obtained from the SAF for payment. The Department of Treasury will issue one warrant/EFT for all assessments, including the SAF share, to each jurisdiction. (See Exhibit 1 for suggested billing detail and format.)

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5. Question: Can DNR property “revert” and be turned over to the county for collection?
- Answer: No. There is no legal authority for State owned property to be subject to either reversion or other lien. While payment in lieu of taxes are determined similar to taxes, all government lands are exempt from the property tax and these payments are not “taxes.”
6. Question: How is the “property valuation” determined?
- Answer: Property valuation is determined by the Department of Treasury. Values of existing properties are frozen at the 2004 taxable value levels through tax year 2008.
7. Question: What millage rates should be used in the billing?
- Answer: Public Act 513 of 2004, section 2153 (6) (c) says that assessments can not include “Any millage in excess of the rate levied in 2004.” The specific level of assessment at which the millage is capped (individual, jurisdiction total, or total for a parcel) is not specified.
8. Question: If a certain millage expires or goes down, does that “free up” authority for another to be added or increased? If so, is that across all jurisdictions which can make levies against a particular parcel?
- Answer: The provision is being interpreted as liberally as possible by applying the cap to the total millage rate of all jurisdictions and types, rather than individual components. In other words, assuming total millage is above the 2004 rate, the payment will be made up to the total 2004 millage. Some components may be higher than in 2004, if others are lower. This method will result in higher payments to local units than the other alternatives.
- It is not clear from the statute how the taxing authority will allocate the cap to various types of millage under the cap, should the total exceed the 2004 rate.

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9. Question: Can State Education Tax (SET) be included on PILT bills?
- Answer: No. Public Act 513 of 2004 does not provide authority to local units to bill or for the payment for SET. SET assessments should not appear on the PILT billing statement.
10. Question: Can special assessments, special improvements or administrative fees be included on PILT bills?
- Answer: No. Public Act 513 of 2004 does not provide authority for local units to bill or for the payment of these assessments.
11. Question: If the DNR acquires new property, how will it be valued and when will PILT be required?
- Answer: For the first full year of PILT, the valuation will be based upon $\frac{1}{2}$ of the true cash value. Millage rates shall not exceed the total 2004 millage rates regardless of what year the property was purchased.
12. Question: What if the PILT bill is sent and has a higher taxable value than the taxable value set by the State Tax Commission?
- Answer: The Department of Treasury will only pay on the value assessed by the State Tax Commission. The payment will be adjusted and it will be the taxing authority's responsibility to correct the open balance on the PILT bill.

These questions and answers are intended to provide guidance to general questions pertaining to interpretation of P.A. 513 of 2004 and only reflect an attempt by the DNR to facilitate the statutory requirements.